

ZONE SCHEDULE



Foreign Trade Zone 28



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SECTION I -- ADMINISTRATION DIRECTORY

Grantee Foreign Trade Zone Corporation of New Bedford
on behalf of the
City of New Bedford, MA
133 William Street
New Bedford, MA 02740
Scott W. Lang, President, Foreign Trade Zone Corp.
(508) 979-1410

Operator(s) General Purpose Zone Site(s):

<u>Operator No.</u>	<u>Site No.</u>	<u>Company</u>
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None Currently

Subzone(s):

28D	Fritz Companies (Operator for Polaroid Corporation) 1 Upland Road Norwood, MA 02062 Sean Delaney, Foreign Trade Zone Coordinator Tel: (781) 386-5703 / Fax: (781)386-5171
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28E	Brittany Dyeing & Printing Corporation (User / Operator) 1357 East Rodney French Boulevard New Bedford, MA 02744 Paul Payette Tel: (508)999-3281
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Customs Broker for Brittany Dyeing & Printing:
J.F. Moran, Co.
475 Douglas Pike
Smithfield, RI 02917
Tel: 401-941-2670
Joe Kenny, Broker



**U.S. Customs
Service**

New Bedford Customs – Port of Entry
37 North 2nd Street
New Bedford, MA 02740
Tel: 508-994-5158 / Fax: (508) 979-1285



SECTION II -- OVERVIEW

Purpose of Foreign-Trade Zone No. 28 and this Zone Schedule

Foreign-Trade Zone No. 28 was granted by the Foreign-Trade Zones Board to the City of New Bedford, MA, on April 5, 1977. This Zone Schedule is issued by the Foreign Trade Zone Corporation of New Bedford in compliance with the U.S. Foreign-Trade Zones Board regulations. This Zone Schedule sets forth the operational structure of Foreign-Trade Zone No. 28 and the regulations and charges associated with active Zone operations. A copy of this Zone Schedule is available for public inspection at the offices of the Grantee and Operator(s).

The goal of the Foreign Trade Zone Corporation of New Bedford is to promote economic development throughout New Bedford through the promotion and utilization of Foreign-Trade Zone No. 28 by assisting businesses to be more competitive in the global market. Foreign-Trade Zone No. 28 assists in the economic development of the community by providing a Customs management tool to importers and exporters. The principal benefits that the Zone provides to businesses are listed in Section III of this Zone Schedule.

Taking Advantage of the Benefits of Foreign-Trade Zone No. 28

Currently approved Zone Sites are listed in Section IV of this Zone Schedule. The Zone can be expanded or modified to other locations to accommodate interested Zone Operators, Users, importers and exporters located throughout the community, as explained in Section VIII.

There are three (3) ways to take advantage of Foreign-Trade Zone No. 28. A company can have its products handled by a Zone Operator, become a separate Zone User under an Operator, or a company can itself become a Zone Operator at one of the existing Zone Sites. If none of the existing Zone Sites is suitable, the Grantee can apply to the FTZ Board for a modification, expansion or subzone.

The Foreign Trade Zone Corporation of New Bedford charges Zone Operators for the privilege of operating in the Zone. Uniform charges are set forth in Section XIII and XIV. Other charges and costs associated with the operation of a Zone area are the responsibility of the Zone Operator.

Additional Information Concerning Foreign-Trade Zone No. 28

Additional general information concerning the operation of Zone Sites and general recordkeeping requirements is contained in the other sections of this Zone Schedule. Obligations and responsibilities of Zone Operators are also specifically outlined in the Grantee/Operator Agreement, which must be executed by every Zone Operator prior to activation with Customs.



The Foreign Trade Zone Corporation of New Bedford offices are available for further information concerning Foreign-Trade Zone No. 28. Key persons related to Foreign-Trade Zone No. 28 are identified with their corresponding addresses and phone numbers in Section I.



SECTION III -- PRINCIPAL BENEFITS TO BUSINESSES

Re-exports: Merchandise which is imported into the U.S. for admission into Foreign-Trade Zone No. 28 and later re-exported from the Zone is never assessed any Customs duties.

Reject, Scrap, and "Consumed" Merchandise: Imported merchandise which is admitted into a Zone and then rejected, scrapped, or consumed in the Zone, is not assessed any Customs duties whatsoever. Duties are reduced significantly for all merchandise that is scrapped through a manufacturing operation in a Foreign-Trade Zone, and then sold from the Zone as commercial scrap material.

Zone-to-Zone Transfers: Imported merchandise that is admitted into the Zone and then shipped to another U.S. Foreign-Trade Zone can be shipped duty-free to the receiving Zone with the receiving Zone's concurrence. As duty-free transfers, Zone-to-Zone shipments allow both the shipping Zone and the receiving Zone to reduce their duty exposure. Duties are eliminated completely on imported components, which are transhipped through several Zones and eventually re-exported.

Duty Deferral: While duties are eventually assessed on imported merchandise shipped to U.S. locations from the Zone, these duties are deferred while the merchandise remains in the Zone. The time that duty is paid is moved from the date of importation to the date of shipment from the Zone. The cost-of-money savings on duty deferral can be significant for large-volume distributors, or operations with long inventory turnover periods.

Inverted Tariffs: When components are imported and admitted into Foreign-Trade Zone No. 28, they can be manufactured into a new product for re-export or sale in the U.S. In these cases, the importer may elect to apply the finished product duty rate, or the component duty rate, whichever is lower. When the finished product rate is lower than the imported component rate, the importer can save the difference between the two rates.

Elimination of Duties: No Customs duties are paid on merchandise exported from an FTZ. Therefore, duty is eliminated on foreign merchandise admitted to the zone but eventually exported from the FTZ. Generally, Customs duties are also eliminated for merchandise that is scrapped, wasted, destroyed or consumed in a zone.

Elimination of Drawback: In some instances, Customs duties previously paid on exported merchandise may be refunded through a process called drawback. The drawback law is increasingly complex and expensive to administer. Through the use of an FTZ, the need for drawback may be eliminated allowing these funds to remain in the operating capital of the company.

Labor, Overhead and Profit: In calculating the dutiable value on foreign merchandise removed from a zone, zone users are authorized to exclude zone costs of processing or fabrication, general expenses and profit. Therefore, Customs duties are not owed on labor, overhead and profit attributed to production in a FTZ.



Taxes: Since goods in a zone are considered to be in international commerce, tangible personal property imported from outside the U.S. and held in a zone, as well as that produced in the U.S. and held in a zone for exportation, are not subject to state and local ad valorem taxes.

Other: Many companies in FTZs find that their inventory control systems run more efficiently, increasing their competitiveness. FTZ users also find that, due to meeting their FTZ reporting responsibilities to the U.S. government, they are eligible to take advantage of special Customs procedures such as direct delivery and weekly entries, which facilitate the timely movement of cargo in and out of the country and improve competitiveness.

These are just the principal benefits of U.S. Foreign-Trade Zones. There are many other additional benefits provided by Foreign-Trade Zone No. 28, which are usually evaluated on a case-by-case basis. To discuss how your operation could benefit from Foreign-Trade Zone No. 28, call **Robert Luongo, Executive Director of the New Bedford Economic Development Council**, and **Clerk of the Foreign Trade Zone Corporation of New Bedford for FTZ#28**, at (508) 991-3122.



SECTION IV -- SITE DESCRIPTIONS

Foreign-Trade Zone No. 28 is sponsored by the Foreign Trade Zone Corporation of New Bedford on behalf of City of New Bedford, MA, as Grantee, pursuant to a grant issued by the U.S. Foreign-Trade Zones Board on April 5, 1977. The Zone is located on Sites designated in the records of the Foreign-Trade Zones Board:

<u>Site</u>	<u>Location</u>	<u>Size</u>
A. General Purpose		
1	Owned by the City of New Bedford within an industrial area located along Aviation Way, adjacent to the New Bedford Municipal Airport and 2.5 miles from the City's port facilities.	14 acres
2	Approximately 3 miles south of Site 1, located within the 80-acre New Bedford Business (Industrial) Park, northwest of John Vertente Boulevard (also owned by the City of New Bedford). - <i>Offers General-Purpose Warehousing Services. Does <u>not</u> include authority for manufacturing activity under zone procedures.</i>	9 acres



SECTION V – DEFINITION OF FOREIGN-TRADE ZONE TERMS AND U.S. CUSTOMS FORMS

Activation: Approval by the Grantee and U.S. Customs for operations and for the admission and handling of merchandise in Zone status.

Admission: Physical arrival of goods into the Foreign-Trade Zone with the approval of the Zone Grantee and Customs. The word “admission” is to be used instead of “entry” of goods in a Zone to avoid confusion with Customs entry processes under Parts 141-144 of the Customs Regulations.

Admit: To bring merchandise into a Zone with Zone status.

Alteration: A change in the boundaries of an activated Zone or Subzone; activation of a separate Site of an already-activated Zone or Subzone with the same Operator at the same port; or the relocation of an already-activated Site with the same Operator.

Audit-Inspection Procedures: These procedures provide the framework for Customs to reduce on-Site supervision of Zones and for Zone Operators to increase Zone operating flexibility through the audit-inspection method of supervising Zones. These procedures require use of the Zone Lot Number system or a Unique Identifier Number system. The systems may be manual, computerized, or a combination of both.

Applicant: A corporation, partnership or person applying for the right to operate a Foreign-Trade Zone Site or Subzone under the jurisdiction of FTZ No. 28.

Bulk: A product or mass (of a product) which is not packaged, bundled, bottled, or otherwise packed, so that it is designated as bulk or bulk merchandise.

Constructive Transfer: A legal fiction, which permits acceptance of a Customs entry for merchandise in a Zone before its physical transfer to the Customs territory. Constructive transfer is deemed to have occurred when Customs receives an entry in proper form. If the entry is not accepted, the merchandise will be deemed constructively transferred back to the Zone in its previous Zone status.

Control Number: The number used on all Zone entry and exit forms to identify all merchandise and commodities. The control number will, in all cases, be the same as the tariff number for that same merchandise described in the Harmonized Tariff Schedules of the United States Annotated.

Customs Broker: A firm, representative or individual who acts on behalf of the Zone Operator and/or the importer of record under an authorized power of attorney.

Customs Territory: The territory of the U.S. in which the general tariff laws of the U.S. apply.



“Customs territory of the United States” includes only the States, the District of Columbia, and Puerto Rico, minus any areas within the boundaries of Foreign-Trade Zones.

Deactivation: Voluntary discontinuation of the activation of an entire Zone or Subzone by the Grantee or Operator. Discontinuance of the activated status of only a part of a Zone Site is an alteration.

Default: An act or omission that will result in a claim for duties, taxes, charges, or liquidated damages under the FTZ Operator’s Bond.

Director: New Bedford Customs District Director, Massachusetts Customs Region.

Direct Delivery: Procedure for delivery of merchandise to a Zone without prior application and approval; designated for low-risk, repetitive shipments whose ordering and timing are under the control of the Operator.

Discovery: The time at which a suspected discrepancy is confirmed as a true discrepancy. Discovery is made after an investigation has been initiated on a suspected discrepancy, and the discrepancy cannot be resolved by locating missing merchandise elsewhere in the Zone Site

Domestic Status: Domestic status is for (a) the growth, product, or manufacture of the United States on which all internal revenue taxes, if applicable, have been paid, and (b) previously imported merchandise on which all applicable duties and internal revenue taxes have been paid. Domestic merchandise may be returned to the Customs territory free of duty and taxes.

Drawback: Import duties or taxes repaid by a government, in whole or in part, when the imported goods are re-exported or used in the manufacture of exported goods.

Entry: Means to bring merchandise into US Customs territory.

Exhibition: The showing of merchandise within a Zone, usually to prospective buyers. This may require Customs supervision whenever it involves packing, unpacking, repacking, assembly, or reconditioning of the goods for showing.

First In-First Out (FIFO): Under the FIFO method, any fungible merchandise withdrawn from stock is assumed, in accordance with good business practice, to be withdrawn from the oldest stock first. In applying FIFO procedures, it is important to note that each Zone admission is considered a layer and the Zone Operator is responsible for identifying the appropriate sequence of transfers from the Zone to assure the proper layer was used and transferred from the Zone. Fungible merchandise, is, by definition, commercially interchangeable in all situations. Identification shall be maintained in the inventory control system records, generally, by description and part or stock number.



Foreign-First (FOFI): An accounting method based on the assumption that foreign status merchandise is disposed of first.

Foreign-Trade Zone (FTZ): A restricted-access Site, in or adjacent to a Customs Port of Entry, operated pursuant to public utility principles under the sponsorship of a corporation granted authority by the Board and under supervision of the Customs Service. Any foreign and domestic merchandise, except such as is prohibited by law or such as the Board may order to be excluded as detrimental to the public interest, health, or safety may be brought into a Zone without being subject to the Customs laws of the United States governing the entry of goods or the payment of duty thereon; and such merchandise permitted in a Zone may be stored, exhibited, manufactured, mixed or manipulated in any manner, except as provided in the Act and other applicable law or regulations, the merchandise may be exported, destroyed, or sent into Customs territory from the Zone, in the original package or otherwise. It is subject to customs duties if sent to Customs territory, but not if reshipped to foreign points.

Foreign-Trade Zones Act: The Foreign-Trade Zones Act of June 18, 1934 (48 Stat. 998-1003; 19 U.S.C. 81a-81u), as amended.

Fungible Merchandise: Merchandise which for commercial purposes, is identical and interchangeable in all situations.

Foreign-Trade Zones Board: The Board that is established to carry out the provisions of the Foreign-Trade Zones Act. The Board consists of the Secretary of Commerce (Chairman) and the Secretary of the Treasury or their designated alternates.

Grantee: Corporation that has the privilege of establishing, operating, and maintaining a Foreign-Trade Zone by grant of authority from the Foreign-Trade Zones Board.

Imports: Foreign merchandise of every description (except articles specifically and absolutely prohibited by statute) entered into Custom territory to become a part of the domestic supply for the purpose of domestic commerce or consumption, and particularly that which is entered into

Customs territory through the Zone and foreign merchandise which, under the laws and regulations of various other Federal agencies having jurisdiction with the Zone, is said to be "imported" into Foreign-Trade Zones, Customs bonded warehouses, or Customs custody. This latter merchandise, in relation to operations in the Zone, is considered to be foreign merchandise until its entry into the commerce of the United States.

Inventory Tracking System (ITS): The system utilized for all Zone Sites reporting functions. It includes complete accountability of the merchandise received and shipped and can be computerized, manual system or a combination. It is completely auditable from receipt to shipment and backwards from shipment to receipt.



Manipulation: Processing wherein merchandise is packed, unpacked, repacked, cleaned, sorted, graded, or otherwise changed in condition, but not manufactured. The definition is taken from Section 562 of the Tariff Act. The precise distinction between manipulation and manufacture is subject to interpretation and enjoys a long history of case law.

Manufacture: Generally, the production of articles for use from raw or prepared materials by substantially transforming such materials into new forms, or with new qualities, properties or combinations, whether by hand labor or machine. The U.S. Customs Service determines what constitutes manufacture on a case-by-case basis, and distinguishes the manufacture from other operations such as manipulation, processing, production and blending. The Foreign-Trade Zones Board has defined manufacture as any process that results in a change in Customs classification of the merchandise, and, therefore, requiring prior clearance from the Board before the manufacturing can occur within the Zone.

Merchandise: Merchandise includes goods, wares, and chattels of every description, except prohibited merchandise, building materials, production equipment and supplies for use in operation of a Zone.

Merchandise, Conditionally Admissible: Merchandise which may be imported into the U.S. under certain conditions. Merchandise which is subject to permits or licenses, or which must be reconditioned to bring it into compliance with the laws administered by various Federal agencies.

Merchandise, Domestic: Merchandise which has been produced in the United States and not exported therefrom, or previously imported into the Customs territory of the United States and properly released from Customs custody with payment of all applicable duties and taxes.

Merchandise, Foreign: Imported merchandise which has not been properly released from Customs custody into the Customs territory of the United States.

Merchandise, Fungible: Merchandise which for commercial purposes is identical and interchangeable in all situations. Originally applied to liquids or free-flowing substances which arrived in bulk, unpacked condition, the concept is now applied in Zones for inventory control purposes, to shipments of goods which arrive packed, but are unpacked and placed together in storage or manufacturing locations, so that identification with the shipment as admitted to the

Zone is lost. Concept is subject to wide use in manufacturing environments where it is infeasible to store goods in their original lots awaiting manufacture.

Merchandise, Mixed Status: Foreign merchandise which has been combined with domestic merchandise in the Zone is sometimes referred to as mixed status merchandise.

Merchandise/Operations, Prohibited: Merchandise, the importation of which is prohibited by law on grounds of public policy or morals, or any merchandise that is excluded from a Zone by order



of the Foreign-Trade Zones Board. Books urging treason or insurrection against the U.S., obscene pictures, and lottery tickets are examples of prohibited merchandise. Also, certain operations involving the following merchandise are prohibited: tobacco, distilled spirits, alcohol, wine and beer (26 U.S.C. 5001-5008, 5010); sugar (26 U.S.C. 4501-4503); watch movements (19 U.S.C. 1367-1368); bicycles parts (19 U.S.C. 81c); and retail sales in a Zone (19 U.S.C. 81o & CR 146.14).

Merchandise/Operations, Restricted: Merchandise which may not be authorized for delivery from Customs custody without a special permit, or a waiver thereof, by an agency of the U.S. Government. Also, the Foreign-Trade Zones Board and U.S. Customs Service have restricted certain operations involving the following products: steel, textiles, television tubes and sugar. Operations involving orange juice may be restricted. The restrictions vary on a case-by-case basis.

Merchandise/Quote Control: Foreign merchandise subject to U.S. Government import quota controls may be placed in the Zone pending approval for transfer to Customs territory, re-export to a foreign destination, manipulation, or other authorized purposes.

Nonprivileged Foreign Status (NPF): Nonprivileged foreign status is a category for merchandise that does not have privileged or Zone Restricted status. Articles composed of nonprivileged merchandise are classified and appraised in their condition at the time of transfer to the Customs territory for consumption.

Open or Yard Storage: The keeping of merchandise in open space within the fenced-in area of the Zone where merchandise not requiring weather protection may be stored.

Operator: A corporation, partnership, or person that operates a Zone or Subzone under the terms of an agreement with the Grantee. A Grantee may act as its own Operator.

Operator Agreement: Prior to activation of the Site, an agreement between the Operator of the Zone Site and the Grantee will be executed. Activation cannot occur without an executed Operator Agreement.

Operator's Bond: All Zone Operators must submit to Customs a bond to assure compliance with Customs regulations. The bond is submitted on Customs Form (CF) 301. The bond provisions are set forth at 19 C.F.R. 113.73, Customs Regulations. A failure to comply with the regulations may be deemed a "default" by Customs and result in the assessment of liquidated damages under the bond.

Port Director: U.S. Customs, New Bedford, MA.

Port of Entry: A place designated by the U.S. Government at which a Customs officer is assigned with authority to accept entries of merchandise, collect duties, and enforce the various provisions of the Customs laws.



Privileged Foreign Status (PF): In normal operations or prior to any manipulation or manufacture that would change its tariff classification, an importer may apply to the District Director to have imported merchandise in the Zone given privileged foreign status. The merchandise is classified and appraised and duties and taxes are determined as of the date the application is filed. Taxes and duties are payable, however, only when such merchandise or articles are transferred to the Customs territory. The determined duty rate and taxes are not subject to future fluctuation. Once established, privileged foreign status cannot be changed.

Reactivation: A resumption of the activated status of an entire area that was previously deactivated without any change in the Operator or the area boundaries. If the boundaries are different, the action is an alteration. If the Operator is different, it is an activation.

Retail Sale: The sale of goods to ultimate consumers, usually in small quantities.

Subzone: A special-purpose Zone established as part of a Zone project for a limited purpose that cannot be accommodated within an existing Zone. The term "Zone" also applies to a Subzone, unless specified otherwise.

Transfer: To take merchandise with Zone status from a Zone for consumption, transportation, exportation, warehousing, cartage or lighterage, vessel supplies and equipment, admission to another Zone, and like purposes.

Unique Identifier Number (UIN): This inventory method controls merchandise in a Zone by cumulative identification, i.e., by unique numbers and/or letters that identify merchandise admitted to a Zone (SKU, part number, bar code, etc.). Inventory levels are adjusted on a First-In-First-Out (FIFO) or Foreign First (FOFI) basis pursuant to generally accepted accounting principles.

User: A person or firm using a Zone for storage, handling or processing of merchandise. An Operator may also be a User.

Vessel/Aircraft Supply: The supply of goods or equipment free of duties and taxes under Section 309 of the Tariff Act, to eligible vessels or aircraft for use while actually engaged in foreign trade, or in transit to Alaska, Hawaii, Puerto Rico, or any U.S. possession. Sometimes confused with exportation, which involves removal from the geographic territory of the United States and entry into a foreign country.

Zone Lot Number (ZLN): A collection of merchandise maintained under an inventory control method based on specific identification of merchandise admitted to a Zone by lot and lot number.

Zone Project: All of the Zone and Subzone Sites under a single Grantee.

Zone Restricted Status (ZR): Merchandise admitted into the Zone Site for the purpose of exportation or destruction (except destruction of distilled spirits, wines, and fermented malt



liquors). Zone restricted merchandise may not be returned to US Customs territory for domestic consumption except as approved by the FTZ Board and may not be manipulated or manufactured once admitted.

Zone Site: The physical location of a Zone or Subzone.

Zone Status: The status of merchandise held in the Zone Site. Zone status distinguishes between merchandise which has already cleared US Customs or is a product of the United States (domestic status) and merchandise which was imported and has not yet cleared US Customs (nonprivileged and privileged foreign status), or is being held in a Zone pending exportation or destruction (Zone restricted status).

U.S. Customs Forms

Form number and name

Use

1. Deposit in Zone

Customs Form 214, Application for Foreign-Trade Zone Admission and/or Designation

Admission to Zone and selection of Zone status

Custom Form 6043, Delivery Ticket

Transfer to Zone pursuant to permit on CF 214

Customs Form 7512, Transportation Entry and Manifest of Goods Subject to Customs Inspection and Permit

Transfer to Zone pursuant to permit on CF 214, or direct delivery to Zone with concurrence of carrier

Manifest Discrepancy Report (MDR) or Customs Form 5931 (before 10/28/89)

Quantity discrepancy found before or upon admission to Zone

Customs Form 6423, Notice of Damage, Shortage, or Sample

Report of within case damage or shortage found by Customs officer, or report of sample taken by Customs officer

Customs Form 7514, 7512, or 7539

Claim of drawback on merchandise admitted to Zone

BATF Forms 5100.11, 1689, 5110.30, 1582-A, and 1582-B

Transfer of alcoholic beverages to Zone without payment of Internal



Revenue tax

BATF Forms 2149 and 2150

Transfer of tobacco products to Zone without payment of Internal Revenue tax

2. Adjustments

Customs Form 216, Foreign-Trade Zone Activity Permit

Exhibition, manipulation, manufacture, or destruction of Zone merchandise; temporary removal and return of Zone merchandise

Customs Form 214 or Customs Form 7501
Customs Form 7501, Customs Form 5931 (before 10/28/89) or Manifest Discrepancy Report

Report overage found in Zone
Report shortages found in Zone

Operator's form or written statement

Report non-extraordinary shortage found in Zone

Customs Form 214

Request for Zone status change for goods in Zone

Customs Form 4315, Application for Allowance in Duties

Report of merchandise lost through casualty or other qualifying causes

Customs Form 5955A, Notice of Penalty Or Liquidated Damages Incurred and Demand for Payment

Default involving merchandise

3. Transfers from Zone

Customs form 3461/Estimated
Customs Form 3461

Entry for consumption

Customs for 7501, Entry / Immediate Delivery

Entry for consumption

Customs form 7501, Entry Summary consumption

"Live" entry for consumption

Customs Form 368, or 368A

Informal Entry



Customs Form 7512, Estimated
Customs Form 7512 Transportation Entry
and Manifest of Goods Subject to Customs
Inspection and Permit

Entry for transportation, exportation,
transportation and exportation, or
or vessel or aircraft supply and
certain other goods

Customs Form 5125, Application for Withdrawal
of Bonded Stores for Fishing Vessels and
Certificate of Use

Entry for supplies for fishing vessels

Customs Form 6043, Delivery Ticket

Removal for transfer to another
Zone or transfer to a bonded
warehouse, or dock or airport for
vessel or air- craft supply or for
exportation

Customs Form 216, Foreign Trade Zone
Activity Permit

Temporary removal and return of
Zone merchandise; removal of Zone
status merchandise for which no
entry is required.



SECTION VI -- PRINCIPAL GOVERNING REGULATIONS, AGREEMENTS AND MANUALS

Foreign-Trade Zones Act: Foreign-Trade Zone No. 28 is governed by the Foreign-Trade Zones Act, 19 United States Code 81a-81u as amended. Copies of the Act are maintained at the office of Foreign-Trade Zone No. 28.

Foreign-Trade Zones Board Regulations: Foreign-Trade Zone No. 28 is regulated by the Foreign-Trade Zones Board, Washington, DC, under U.S. Code of Federal Regulations, Title 15, Part 400, as amended. Copies of these regulations are maintained at the office of Foreign-Trade Zone No. 28 for reference and will be made a part of each Operator(s) and/or User(s) Procedure Manual.

U.S. Customs Service Regulations: Foreign-Trade Zone No. 28 is subject to the regulations of the U.S. Customs Service under U.S. Code of Federal Regulations, Title 19, part 146, as amended. Copies of these regulations are maintained at the office of Foreign-Trade Zone No. 28 for reference and will be made a part of each Operator(s) and/or User(s) Procedure Manual.

Governmental Agencies: All corporations, partnerships and persons operating within activated Zone space are responsible to obtain, maintain and keep current any and all licenses, permits, certificates or other authorizations required by a Federal, State, or Local government that are or may be necessary for conducting business in or from the Zone.

Foreign-Trade Zone No. 28 Schedule: All corporations, partnerships and persons operating within activated Zone space are subject to this Schedule. The Foreign-Trade Zone Grantee will be the sole judge to interpret and determine the applicability of any of the rates, rules, regulations or services provided for in this Schedule. However, any matter involving interpretation of action by U.S. Customs or other agency of the U.S. Government will be determined by the Port Director of Customs as the resident representative of the Foreign-Trade Zones Board. The Zone schedule shall contain a section listing rates and charges for Zones and subzones with information sufficient for the Board or the Executive Secretary to determine whether the rates or charges are reasonable based on other operations in the port of entry area and whether there is uniform treatment under like circumstances among Zone Users. A copy of this Schedule will be provided to each Operator. Updates will be provided as revisions occur. Additional copies of this Schedule are maintained at the office of Foreign-Trade Zone No. 28 for reference.

Foreign-Trade Zone No. 28 Grantee/Operator Agreement: Every corporation, partnership and person seeking to operate in a Zone Site (including a Subzone) within Foreign-Trade Zone No. 28, must enter into a Grantee/Operator Agreement with the Foreign Trade Zone Corporation of New Bedford on behalf of the City of New Bedford, MA, as Grantee. A copy of the standard Grantee/Operator Agreement is available, upon request, from the Foreign Trade Zone Corporation of New Bedford. If any conflict with this Schedule and any Grantee/Operator Agreement occurs, the Grantee/Operator Agreement will prevail.



Foreign-Trade Zone Operator/User Agreement: If a Zone User, other than the Operator, is delegated any of the Operator's, the Zone Operator shall ensure that a written Operator/User Agreement is executed by and between the Zone Operator and Zone User and the User is issued a Procedure Manual, prior to the commencement of any activities at the Zone Site. Said written Operator/User Agreement shall specify the term, the User's authority and responsibilities, charges and other matters as defined by the Operator.

Foreign-Trade Zone No. 28 Procedure Manual: A standard Procedure Manual, which is necessary as part of the application to U.S. Customs for activation, will be utilized by Foreign-Trade Zone No. 28 Operator(s) and certain User(s). A copy of the standard Procedure Manual is available, upon request, from the Foreign Trade Zone Corporation of New Bedford. The Foreign-Trade Zone Board and U.S. Customs Service Regulations will be made a part of each Operator(s) and/or User(s) Procedure Manual.



SECTION VII -- GENERAL RULES AND REGULATIONS

Roles of Grantee, Operator, and User:

Grantee: A grantee is a public or private corporation to which the privilege of establishing, operating, or maintaining a Foreign-Trade Zone has been given. The Foreign Trade Zone Corporation of New Bedford, on behalf of the City of New Bedford, MA, as grantee, shall be limited to its general oversight responsibility to ensure that the reasonable needs of the business community are served by Foreign-Trade Zone No. 28.

Operator: An Operator is a corporation, partnership, or person that operates a Zone or subzone under the terms of a Grantee/Operator Agreement with the Zone Grantee. The Foreign Trade Zone Corporation of New Bedford, on behalf of the City of New Bedford, as Grantee, delegates the responsibility for operation of Zone Sites to the Operator(s) who will assume responsibility for compliance with all regulations of the U.S. Customs Service, the Foreign-Trade Zones Board and other relevant government agencies.

User: A Zone User is a corporation, partnership, or person that uses a Zone or subzone for storage, handling, processing, or manufacturing merchandise in Zone status. In subzones and general purpose Sites, the Operator and User can be the same party. If a Zone User is not the Operator and is delegated any of the Operator's responsibilities as contained in the Zone Schedule and Grantee/Operator Agreement a written Operator/User Agreement and Procedure Manual are required.

Availability of Zone: All rates and charges for all services and privileges within the Zone shall be fair and reasonable, and the Grantee and Operator(s) shall afford to all who may apply for the use of the Zone and its facilities uniform treatment under like conditions, subject to such treaties or commercial conventions as are now in force or may hereafter be made from time to time by the United States with foreign governments. Users are subject to specific rules, rates and charges of Zone Site Operator(s).

All Zone services and facilities shall be administered fairly and reasonable. In addition, the availability of all said services and facilities is subject to the physical limitations of Foreign-Trade Zone No. 28, with said services and facilities available on a "first-come, first-served" basis.

Merchandise Permitted in Zone: Foreign and domestic merchandise of every description, except such as is specifically prohibited by law, may, without being subject to the Customs laws of the United States except as otherwise provided in the Act and the regulations made thereunder, be brought into a Zone.

Merchandise which is specifically prohibited by law shall not be admitted into a Zone. Any merchandise so prohibited by law which is found within a Zone shall be disposed of in the manner provided for in laws and regulations applicable to such merchandise.



Activities Permitted in Zone: Merchandise lawfully brought into a Zone may, in accordance with these and other regulations made under the provisions of the Act, be stored, sold, exhibited, broken up, repacked, assembled, distributed, sorted, graded, cleaned, mixed with foreign and domestic merchandise, or otherwise manipulated, or be manufactured into new articles of commerce. Only manufacturing activity approved by the FTZ Board may be performed in the Zone or Subzone(s). See Section X "Activities permitted in a Zone."

Responsibility for Duty and Taxes: The Foreign-Trade Zone Board does not own or operate any Zones. Rather, it provides grants to applicants to establish, operate, and maintain Zones. The Foreign Trade Zone Corporation of New Bedford, on behalf of the City of New Bedford, as Grantee, shall execute a Grantee/Operator Agreement with another party or parties for the operational management of Zone Sites. Various tenants may lease space and construct buildings in the Zone and physically run their operations in the buildings, while others may pay a Zone Operator a fee for handling their merchandise and performing related services. Operator(s) of the Zone are responsible and liable for payment of any and all duties or penalties due any agency of the Federal, State or Local government arising from use of the Zone, including liabilities on merchandise which is not accounted for to the satisfaction of the U.S. Customs Service.

Security and Safety Requirements in the Zone: All Foreign-Trade Zone Sites, in order to be approved for their initial activation by Customs, must meet certain security and safety requirements. These requirements may include, but are not limited to, locking warehouse doors, adequate fencing (if necessary), personnel screening, proper lighting in warehouses, absence of debris or other safety hazards, etc. Each Zone Site will be considered separately to determine what Customs may require to protect the revenue of the United States, based on the specific conditions of each Zone Site, e.g., value of goods, size, chances of theft occurring, etc.

After a Zone Site has been activated, all security and safety measures required to achieve the initial activation must be maintained at all times. Spot checks may be conducted by Customs and the Grantee and liquidated damages or notices may be assessed if these requirements are found to be insufficiently met in any way.

No operation or process or treatment will be permitted in the Zone that, in the judgment of the Foreign-Trade Zones Board, Customs, or the Grantee, is detrimental to the public interest, health and safety. Cost of special security devices and other requirements will be the responsibility of Operator.

Inventory Control and Recordkeeping Systems: All inventory control and recordkeeping systems employed by Operators within the Zone must meet the requirements of the U.S. Customs Service Regulations. Under the Regulations, each Operator maintains the inventory records. The U.S. Customs Service is relieved of the duty of actually keeping the records, but maintains assurance of the systems' accuracy by selective examinations of merchandise, and spot checks and audits of Zone facilities. Each system must be capable of producing the following required results:



- Producing accurate and timely reports and documents as required by the Customs Regulations;
- Accounting for all merchandise in their care, custody, and control;
- Identifying shortages and overages of merchandise in the Zone in sufficient detail to determine the quantity, description, Tariff classification, Zone status, and value of the missing or excess merchandise;
- Providing an audit trail to Customs forms, from admission through manipulation, manufacture, destruction or transfer of merchandise from the Zone by a Customs authorized inventory method; and
- Providing all information necessary to make entry for merchandise being transferred to the Customs territory.

Inventory Procedures: Zone Operator(s) are responsible for establishing and maintaining Inventory Control Systems acceptable to the U.S. Customs Service and the Zone Grantee for all merchandise in their care, custody, and control.

Hours of Business and Services: The Zone Grantee will be available for business activities during regular business hours will be between the hours of 8:00 a.m. and 4:00 p.m., Monday through Friday, except on holidays. For individual Operator(s) see Section XIV.

Holidays: The term “holiday”, for the Grantee, includes the following named days:

- | | |
|-------------------------------|-------------------------------|
| New Year’s Day | Labor Day |
| Martin Luther King’s Birthday | Election Day |
| Washington’s Birthday | Columbus Day |
| Good Friday | Veteran’s Day |
| Patriot’s Day | Thanksgiving |
| Memorial Day | Friday following Thanksgiving |
| Independence Day | Christmas |

Also, every day proclaimed by the President of the U.S. or the Governor of the State of Massachusetts to be a legal holiday. For individual Operator(s) see Section XIV.

Use of Zone Facilities: Zone facilities will be used for the purposes of receipt, storage, handling, exhibition, manipulation, manufacturing and related processing and shipment of foreign and domestic merchandise as considered necessary to the conduct of Operator’s normal business. Operators will not use or permit the Zone to be used for any other purpose without the prior written consent of the Zone Grantee. Operators will not do or permit anything to be done in or about the Zone which will in any way obstruct or interfere with the rights of other Operators of the Zone.



Proprietary Information: Proprietary information contained on Customs forms or in the inventory control and recordkeeping systems of Operators will not be disclosed to unauthorized persons. The Customs Regulations provide for liquidated damages for unauthorized disclosure of proprietary information.

Residence within Zone: No person will be allowed to reside within a Zone except federal, state or municipal officers or agents whose resident presence is deemed necessary by the Foreign-Trade Zones Board.

Insurance: Insurance is carried by the Zone Operator on its own property and merchandise at the expense of the Operator. Merchandise stored, manipulated or transferred within the Zone is not insured by the Grantee.

Liability of Grantee: Foreign Trade Zone Corporation of New Bedford, on behalf of the City of New Bedford, MA (Grantee) will not be liable and cannot assume any responsibility for any loss or damage to freight, cargo or merchandise or other property within the Zone, or for any loss or damage arising from acts of commission or omission of Operators.

Record Retention: The Operator is required to retain records for five (5) years after merchandise is removed from the Zone. Records must be readily available for Customs review at the Zone Site(s).

Customs Inspection of Zone Merchandise: The Operator will make merchandise subject to Customs inspection immediately available to Customs at the Zone Site or a location designated by Customs, and will have the sole responsibility of opening crates and packages, handling the merchandise and securing the crates and packages following the inspection.

Operator Bond: The Operator must maintain, for Customs purposes, an Operator Bond required by Customs. This Bond is to assure compliance with Customs regulations. The bond is submitted on Customs Form (CF) 301. The bond provisions are set forth at 19 C.F.R. 113.73, Customs Regulations. A failure to comply with the regulations may be deemed a "default" by Customs and result in the assessment of liquidated damages under the bond.



SECTION VIII -- APPLICATIONS TO THE FOREIGN-TRADE ZONES BOARD

New Zone Sites

If a company is interested in taking advantage of the benefits of Foreign-Trade Zone No. 28 at a location other than the currently approved Sites as listed in Section IV, the company may request that an application, for modification, expansion or subzone, be filed by the Foreign Trade Zone Corporation of New Bedford.

Manufacturing Permits

Any activity involving foreign merchandise which causes the merchandise to undergo a substantial transformation or change Customs tariff classification while in the Zone must be approved in advance by the Foreign-Trade Zones Board before the activity may commence. The company must request that an application, completed by the company, be filed by the Foreign Trade Zone Corporation of New Bedford to the Foreign-Trade Zones Board for approval of the contemplated operation.

Types of Applications to the Foreign-Trade Zones Board

There are several types of applications for New Zone Sites:

- Subzone
- Expansion Site
- Boundary Modification

Requests to the Board for manufacturing authority can generally be made as part of an application for a new Zone Site, or can be filed separately with the Board for a manufacturing permit at an existing Zone Site by the Grantee. Separate manufacturing requests to the Board consist of:

- Fast-Track Manufacturing Request for Existing FTZs
 - Section 400.32(b)(1) of the FTZ Board regulations (15 CFR Part 400) provides for the submission and processing of certain applications for non-controversial manufacturing authority within existing zones or subzones using a reduced process with no application fee. The application can be in letter form from the grantee or operator (requests from operators should contain a statement as to that status). The request should contain a statement that it is being submitted under Section 400.32(b)(1) of the FTZ regulations, with evidence that the request qualifies for submission under this section.
- Manufacturing Application

Procedures for Filing Applications to the Foreign-Trade Zones Board

The Foreign Trade Zone Corporation of New Bedford will determine which type (or types) of application(s) is appropriate to accommodate an interested Zone Operator and/or User.



SECTION IX -- ACTIVATION, DEACTIVATION AND ALTERATION OF ZONE SITES

Activation

The Foreign Trade Zone Corporation of New Bedford will assist the Operator toward activation of the Zone Site with Customs for commencement of Zone operation. When an Operator desires to activate Zone space, the Operator will, with the assistance of the Foreign Trade Zone Corporation of New Bedford, complete the following:

- 1) Procedures Manual establishing how the Zone Site will be operated, in conformance with the Procedures Manual standard maintained by the Foreign Trade Zone Corporation of New Bedford.
- 2) Statement of personal history in order to permit the Customs Service to perform a background check. This form must be completed on principal officers and key employees who will be involved in the operation.
- 3) A letter of concurrence from the Zone Grantee.
- 4) If activity is for manufacturing, a description of the proposed manufacturing activity and a copy of the Foreign-Trade Zones Board approval of this activity.
- 5) Grantee/Operator Agreement, duly executed, between the Operator and the Grantee, covering the Zone Site for which activation is sought.
- 6) A security inspection of the Zone Site to insure security systems are in place as listed in the Procedures Manual will be conducted by Customs.
- 7) FTZ Operator's Bond to U.S. Customs as specified by Customs prior to activation.
- 8) A Zone Operator may be required to provide an additional bond in the name of the Grantee against any loss, or other Customs obligations or costs, attributable to operations in the Zone.

Deactivation

An Operator may deactivate all or a portion of a Zone Site by notifying and obtaining the approval of the Grantee pursuant to the terms of the Grantee/Operator Agreement between the Operator and the Grantee.

Alteration

An Operator may increase or decrease the amount of activated space, within an authorized Zone Site or Subzone by notifying and obtaining approval of the Grantee.



SECTION X -- ACTIVITY PERMITTED IN ZONE

Storage of merchandise: Merchandise may be stored for an unlimited period of time in the Zone. Merchandise controlled under a Zone lot system must be physically segregated and marked by lot and lot number. Merchandise controlled under a UIN system does not need to be segregated or marked.

Quota Controlled Merchandise: Foreign merchandise subject to U.S. Government import quota controls may be placed in the Zone pending approval for transfer to Customs territory, or may be re-exported to a foreign destination.

Manipulation of Merchandise: Before foreign merchandise may be manipulated within the Zone, the Operator will make application on CF 216 to Customs for approval. On approval, the contemplated manipulation may occur. A yearly, blanket CF 216 may be allowed by Customs.

Manufacturing in the Zone: Manufacturing in the Zone will have been approved in writing by the FTZ Board prior to the commencement of any manufacturing activity. A CF 216 will also be required to be filed with U.S. Customs, after FTZ Board approval and prior to the manufacturing. A yearly, blanket CF 216 may be allowed by Customs.

Exhibition of Merchandise: Any merchandise admitted to the Zone may be exhibited. The Operator must obtain permission from Customs to exhibit merchandise by obtaining approval on a CF 216.

Retail Trade Within Zone: No retail trade will be conducted within a Zone except under permits issued by the Grantee and approved by the Board. Such permittee will sell no goods except such domestic or duty-paid or duty-free goods as are brought into the Zone from Customs territory. Permits which are sent to the Board for approval will be accompanied by a sworn statement, subscribed to by the applicant before a duly authorized officer to administer oaths setting forth in detail the nature of the retail trade to be conducted, and containing an agreement that such applicants will sell no goods except of the kinds specifically authorized by the Act, which are brought into the Zone from Customs territory.

No goods will be offered for sale or sold in a Zone which are not of the same kind and quality permitted to be offered for sale or sold in the political jurisdiction in which the Zone is located. If the permittee violates any provisions of the regulations in this Section, his permit will be revoked by the Grantee, who will immediately report such action to the FTZ Board.

Change in Zone Status: The Zone status of merchandise may be changed in the Zone. Merchandise in NPF status may be changed to PF status if done prior to manipulation or manufacture effecting a change in tariff classification of the merchandise. PF status may not be changed to NPF status. Merchandise in PF or NPF status may be changed to Zone Restricted status. The Operator will submit a CF 214 to Customs for approval of a Zone status change.



Destruction of Merchandise: Whenever Zone status merchandise is discovered damaged or merchandise is considered waste or scrap, it will be physically segregated, marked and otherwise secured to preserve its identity. Such merchandise may be held for return to the vendor, or for destruction, or Customs entry. All merchandise destroyed will be recorded in the Operator's inventory control and recordkeeping systems.

Temporary Removal from Zone: Merchandise may be removed temporarily from the Zone for repair, restoration, or incidental operations on application by the Operator to Customs.



SECTION XI -- REPORTING THEFT, OVERAGES AND SHORTAGES OF MERCHANDISE

Theft of Merchandise

Theft or suspected theft of any merchandise will be reported in writing to the District Director of Customs upon discovery. Every effort will be made by the Operator(s) to determine the facts and assist Customs and other federal or local agencies in any investigation and prosecution for theft.

Overages and Shortages of Zone Merchandise

The Operator will record all inventory overages and shortages of merchandise and report same as follows:

Overages -- Excess foreign status merchandise, not properly admitted to the Zone, will be admitted to the Zone on a CF 214 or Customs entry will be made. The CF 214 or Customs entry will be filed with Customs along with a written report to Customs within five (5) days after identification of the overage.

Shortages -- Shortages of one percent (1%) or more of the quantity of foreign status merchandise in a Zone lot or UIN, if the missing merchandise would be subject to duties and taxes of \$100 or more upon entry to the Customs territory, will be reported in writing to Customs upon identification of the shortages.



SECTION XII -- ANNUAL AUDIT AND REPORTING REQUIREMENTS

Physical Inventory: The Operator will conduct an annual physical inventory of all merchandise in the Zone (unless cycle counts are taken as part of an ongoing inventory control program). Customs and Grantee will be given at least ten (10) days notice prior to the date(s) when the annual physical inventory will be performed so that Customs and/or Grantee may participate if deemed necessary.

Annual Reconciliation Report: Within ninety (90) days of the end of the Zone Operator(s) year, the Operator will prepare an annual reconciliation. An extension of the 90-day period may be requested from the Grantee and Customs for reasonable cause. The annual reconciliation will contain the following:

1. Description of merchandise for each ZLN or UIN;
2. Zone Status;
3. Quantity on hand at the beginning of the year;
4. Cumulative Receipts (admissions) by unit;
5. Cumulative transfers by unit;
6. Quantity on hand at the end of the year;
7. Cumulative positive and negative adjustments by unit to inventory with explanation.

A copy of the annual reconciliation will be provided to the Grantee, but a copy need not be furnished to Customs unless requested. However, the Operator will submit to Customs and the Grantee within ten (10) working days after completion of the annual reconciliation, a letter declaring that the annual reconciliation has been prepared, is available for Customs review, and is accurate.

The letter will also contain any required reporting of shortages and overages of merchandise, verification that an annual internal review of the inventory and recordkeeping systems has been performed, the name and street address of the Operator where the required records are available for Customs review.

Annual Internal Systems Review: The Operator will also perform an annual internal review of the inventory control and record keeping systems under its supervision and will report to the Grantee and the District Director of Customs any deficiency discovered and corrective action taken to ensure that the systems meet the requirement of the Customs Regulations.

Foreign-Trade Zones Board Annual Report: The Grantee is responsible for preparing and filing with the Foreign-Trade Zones Board an annual report summarizing all Zone activity as of September 30 of each year. The report will be filed by the Grantee by January 31 of the following year pursuant to current requirements of the Foreign-Trade Zones Board.



In order for the Grantee to meet its responsibility in this regard, each Operator will complete a form, which is part of the Procedure Manual, so that sufficient data is available to the Grantee to complete the Foreign-Trade Zone Board Annual Report. The Operator will complete the form and return it to the Grantee by November 15 of each year.



SECTION XIII – FEE SCHEDULE

Grantee fees:

All Grantee fees, as described herein, are payable to the Foreign Trade Zone Corporation of New Bedford. Annually, no later than April of each year, the Foreign Trade Zone Corporation of New Bedford shall review the fee schedule and shall take a vote to confirm the fees that shall be applied for the upcoming fiscal year. Absent a vote, the most current fees shall remain in effect.

SUBZONE APPLICATION AND ACTIVATION

- 1. Application Processing Fee **\$3,000**
(This fee does not include actual preparation of the Subzone Application)**

The Application Processing Fee covers Grantee expenses for obtaining the necessary local approvals for the Subzone, review of the application and submission of the Application to the Foreign-Trade Zones Board, and any necessary support required in the Subzone Application process.

- 2. Activation Processing Fee **\$2,000**
(This fee does not include actual preparation of the Activation Application to U.S. Customs)**

The Activation Fee covers Grantee expenses for preparation and processing of the Operations Agreement, providing the Grantee concurrence letter to the U.S. Customs Service, preparation and/or assistance in preparing the Procedures Manual, and any necessary Grantee support required in the Customs activation process.

- 3. Annual Fee **\$5,000****

An annual fee will be charged to the Operator or to the Owner, if serving as its own Operator. The fee will cover Grantee expenses for administration, which includes support, assistance and technical services with the standard Grantee/Operator Agreement. The fee also covers overhead, marketing, education, legal expenses, etc.

The Annual Fee will cover Grantee expenses for oversight of the Subzone project and submission of the Annual Report to the Foreign Trade Zones Board.

The initial annual fee is payable as follows:

- One-half (1/2) upon execution of the Grantee/Operator Agreement
- One-half (1/2) upon Customs approval of activation

Then, annually on the anniversary date of activation by Customs, the fee is payable as described in the Grantee/Operators agreement and annually for each subsequent year the facility remains activated.

Effective April 1, 2003



GENERAL PURPOSE ZONE APPLICATION AND ACTIVATION

1. **Application Processing Fee – New Zone or Expansion** **\$3,000**
(This fee does not include actual preparation of the Subzone Application)

The Application Processing Fee covers Grantee expenses for obtaining the necessary approvals for the General Purpose Zone, submission of the Application to the Foreign-Trade Zones Board, and any necessary support required in the General Purpose Zone Application process.

2. **Activation Processing Fee** **\$2,000**
(This fee does not include actual preparation of the Activation Application to U.S. Customs)

The Activation Fee covers Grantee expenses for preparation and processing of the Operations Agreement, providing the Grantee concurrence letter to the U.S. Customs Service, preparation and/or assistance in preparing the Procedures Manual, and any necessary Grantee support required in the Customs activation process.

3. **Manufacturing Authorization Request** **\$2,000**
(This fee does not include actual preparation of the Manufacturing Approval Request to the Foreign Trade Zones Board)

The fee will cover the Grantee expenses for processing the Manufacturing Approval Request, submission of the Request to the Foreign Trade Zones Board, and base support services required in the approval process.

4. **Annual Fee** **\$5,000**
An annual fee will be charged to the Operator or to the Owner, if serving as its own Operator. The fee will cover Grantee expenses for administration, which includes support, assistance and technical services with the standard Grantee/Operator Agreement. The fee also covers overhead, marketing, education, legal expenses, etc.

The initial annual fee is payable as follows:

One-half (1/2) upon execution of the Grantee/Operator Agreement
One-half (1/2) upon Customs approval of activation

Then, annually on the anniversary date of activation by Customs, the fee is payable as described in the Grantee/Operators agreement and annually for each subsequent year the facility remains activated.

Effective April 1, 2003



EXPANSION APPLICATIONS

(The following fees do not include actual preparation of the application)

1. Expansion Application to Foreign Trade Zones Board to expand the designated site area or the scope of operations in a Subzone. **\$2,000**
2. Amendment to Expansion Application to Foreign Trade Zones Board to expand the designated zone site area or the scope of operations in a subzone. **\$1,500**
3. Expansion Application to the U.S. Customs Service to expand the activated area of a particular subzone or general-purpose user area. **\$1,000**
4. Amendment to Expansion Application to the U.S. Customs Service on activated areas with a particular Subzone or the general purpose zone. **\$750**

Late Payment Charge

If any payment due is not received by the Grantee within fifteen (15) calendar days after its due date, the Operator shall pay a late payment charge, for each occurrence, equal to five percent (5%) of the amount then due. The existence of the right by the Grantee to receive a late payment charge shall not constitute a grace period or provide any right for the Operator to make a payment other than on its due date.

Operator(s) fees

Each individual Operator has set its own fees that are listed under Section XIV.

U.S. Customs Fees

At the time of issue of this Schedule, no fees are charged by Customs for normal Zone services. Should any fees or charges be imposed in the future, all such fees and charges shall be payable by the Operator of the affected Zone Site. However, Customs does charge for overtime and other special services provided at the request of an Operator. Such fees and charges shall be payable by the Operator of the affected Zone Site. Under no circumstances will the Grantee be liable or responsible for any such Customs fees or charges.

Effective April 1, 2003



FTZ Board (Washington, D.C.) Fees

Any fees or charges imposed by the Foreign-Trade Zones Board shall be payable by the Operator of the affected Zone Site, or as apportioned by the Grantee among the Zone Sites when appropriate. Under no circumstances will the Grantee be liable or responsible for any FTZ Board fees or charges.

Presently the following FTZ Board Fees for certain types of applications and requests for authority are based on their average processing time. Applications combining requests for more than one type of approval are subject to the fee for each category.

- | | |
|--|----------------|
| (1) Additional general-purpose zones | \$3,200 |
| (2) Special-purpose subzones: | |
| (i) non-manufacturing/processing or less than three products | \$4,000 |
| (ii) manufacturing/processing three or more products | \$6,500 |
| (3) Expansions | \$1,600 |

Other Government Agency Fees

Charges for services of other government agencies should be arranged for and paid by the Operator who requires the use of such services. Under no circumstances will the Grantee be liable or responsible for any other government agencies' fees or charges.

Fines, Penalties and Liquidated Damages

U.S. Customs Service fines, penalties, or liquidated damage claims affecting Zone merchandise or Zone activities will be paid by the Operator of the affected Zone Site. The same is true of any other fines, penalties, or liquidated damage claims by other government agencies concerning operations at the Zone Site. Under no circumstances will the Grantee be liable or responsible for any fines, penalties, forfeiture or liquidated damage claims.

Effective April 1, 2003



SECTION XIV – OPERATOR(S) SCHEDULE

There are currently no General Purpose Operators